

## Weather

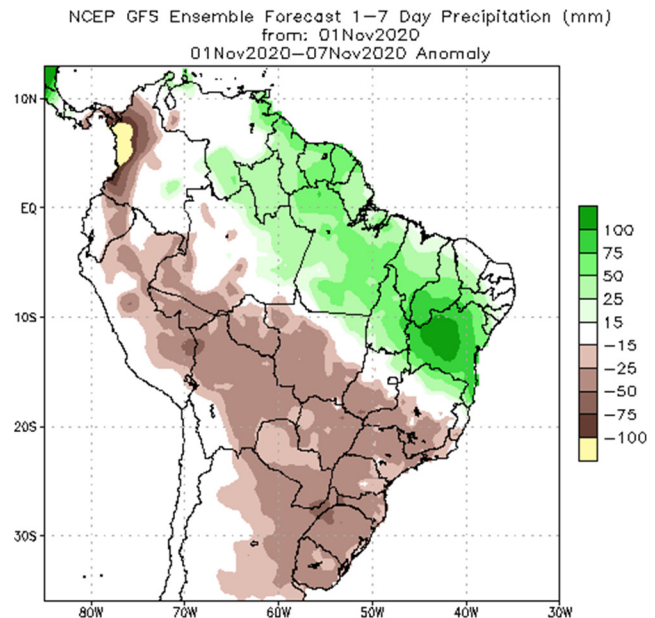
Northern Brazil will see above normal two week rainfall totals in far northeastern areas and mostly near to below normal totals elsewhere. The best rains in the northeastern areas will fall during the next 5 days while there will be some improvement in other portions of the area during the 11-15 day period. Temps should run mostly near normal. Southern Brazil will see two week rainfall totals run mostly below normal. Completely dry weather should be seen this week with some rains starting to gradually return to the region early next week. No major heat for most of this week, but temps will warm up this weekend with highs into the 90s. Some 100s cannot be ruled out. Cooler temps as rainfall chances improve next week.

Argentina should see rainfall run mostly below normal over the next two weeks. Mostly dry conditions will be seen early this week with only light rains falling later this week. Week 2 rainfall amounts will be an improvement on Week 1, but even in Week 2 it looks like the heart of the growing region will pick up some below normal amounts. No major heat is expected during the two week period.

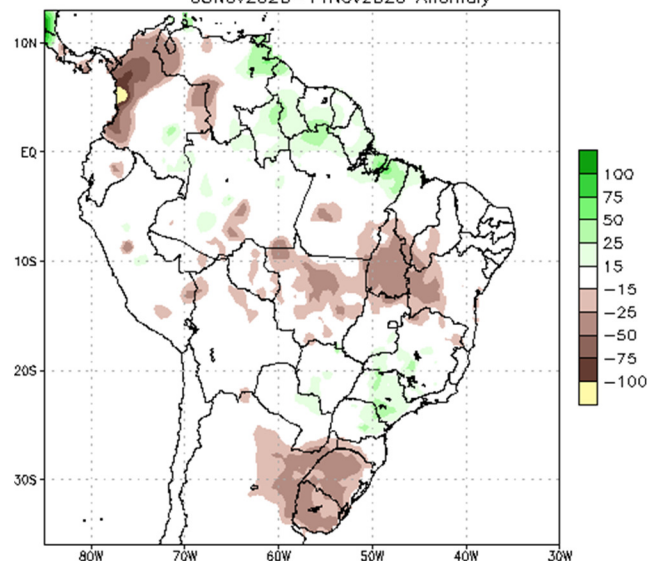
No major changes to the US forecast. Mostly dry conditions are expected through the vast majority of the country during the next 5 days. We should see a pickup in precipitation in the middle of the country during the 6-10 day period. While model agreement is not great, it seems like a chance for some potential severe weather in the middle of the country along with some significant snowfall in some areas. Cooler temps will move in again during the 6-10 day period. We might see precipitation chances continue into the 11-15 day period as well.

## Crops

Just a short update this morning on Argentine planting progress. We've noted previously that Brazilian soybean planting is running behind the average pace, but an uptick in rainfall in northern areas has allowed for some catch-up. Soybean planting in Argentina has not yet started yet, but should normally be getting started shortly. The chart below looks at Argentine corn planting. The green shows this year's planting progress so far. You can see that corn planting is proceeding relatively normally for now. It is about this time that corn planting basically



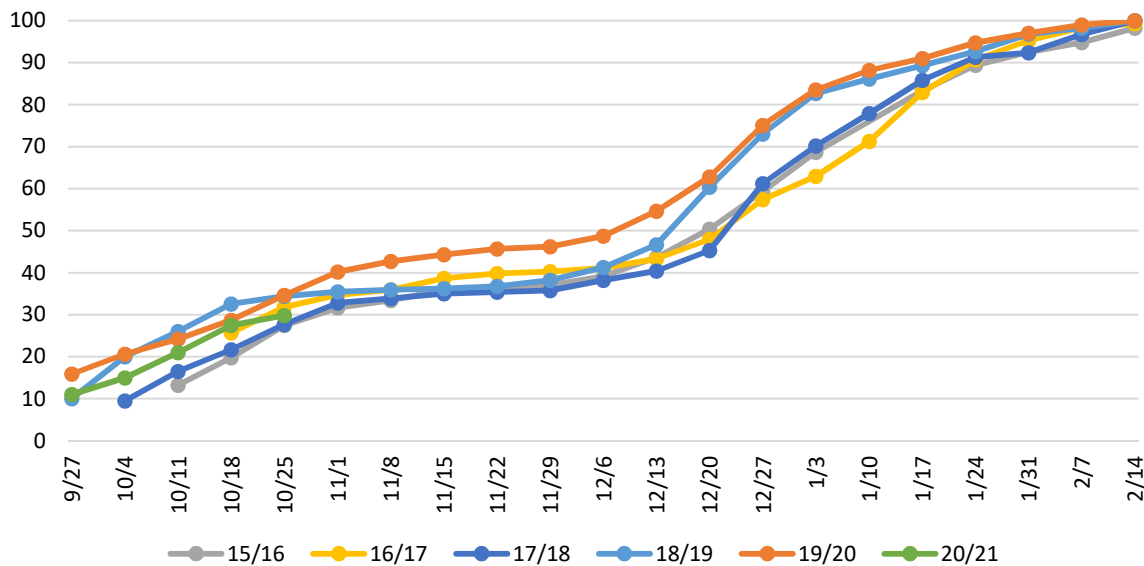
Bias correction based on last 30-day forecast error  
 CPC Unified Precip Climatology (1981-2010)  
 NCEP GFS Ensemble Forecast 8-14 Day Precipitation (mm)  
 from: 01Nov2020  
 08Nov2020-14Nov2020 Anomaly



Bias correction based on past 30-day forecast error  
 CPC Unified Precip Climatology (1981-2010)

halts for several weeks. This period is when soybean planting efforts should get rolling aggressive. We then follow up with a “second crop” corn planting period around the end of the year.

**Argentine Corn Planting Progress (BACE)**



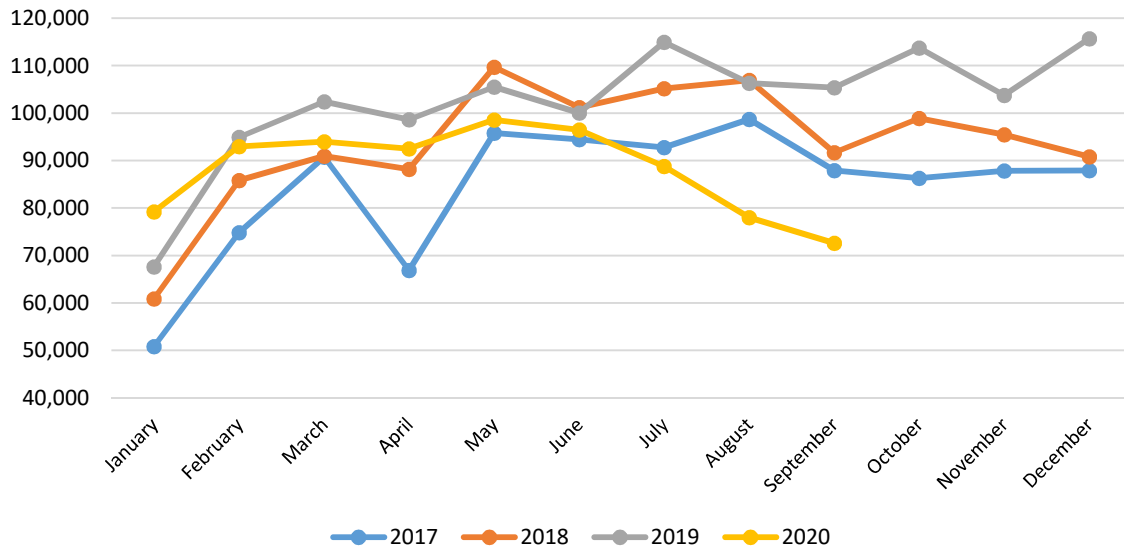
So in the coming weeks let’s keep a close eye on Argentine soybean planting numbers. It will be interesting to see whether the current dry outlook impacts planting progress. Most of Argentina should be decent on soil moisture right now thanks to last month’s rainfall along with cool temps. However, the outlook going forward calls for a lot of dry weather so we’ll see how long it takes for that to work into the market’s thought process.

**Livestock**

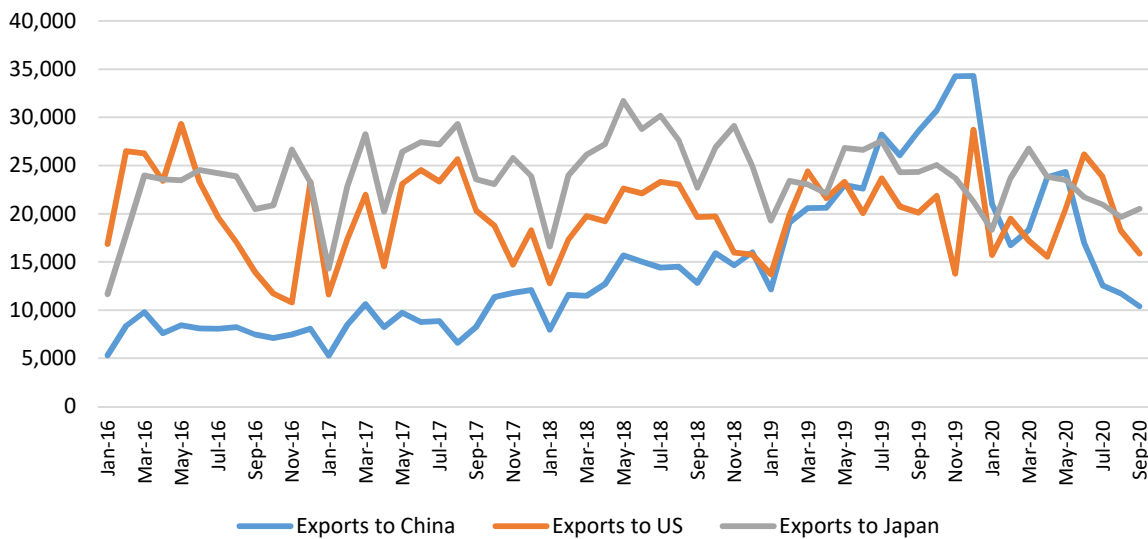
We haven’t looked at this in a while, but it is important to remind ourselves what is happening with Australian beef production and, more importantly, exports. The first chart on the next page shows the monthly look of Australian beef exports, with Sep being the most recent data available. I had been hyping a downturn in exports but was continually disappointed during the first half of the year as exports continued at near normal levels. I guess all that was necessary was for me to stop watching it so closely. Since I stopped paying attention, Australian beef exports have been in steady decline. Based on ongoing slaughter declines, it seems reasonable to expect that Aussie beef exports will continue to sag in the months ahead.

The second chart below takes a breakdown of destination export levels. Given the increasingly hostile politics, it is no surprise to see that exports to China have seen the largest drop-off in the past few months. Exports to Japan have been somewhat steady. Exports to the US are on the lower end of their normal range, but still within the range. The drop-off in exports to China certainly does open a door of opportunity for US beef exports there. As noted before, we have been seeing a modest uptick in shipments to China in the past few months. However, for now, it appears that South America is still benefiting most from the increase in Chinese beef demand.

**Australia Beef Exports**



**Australia Beef Export Key Destinations**



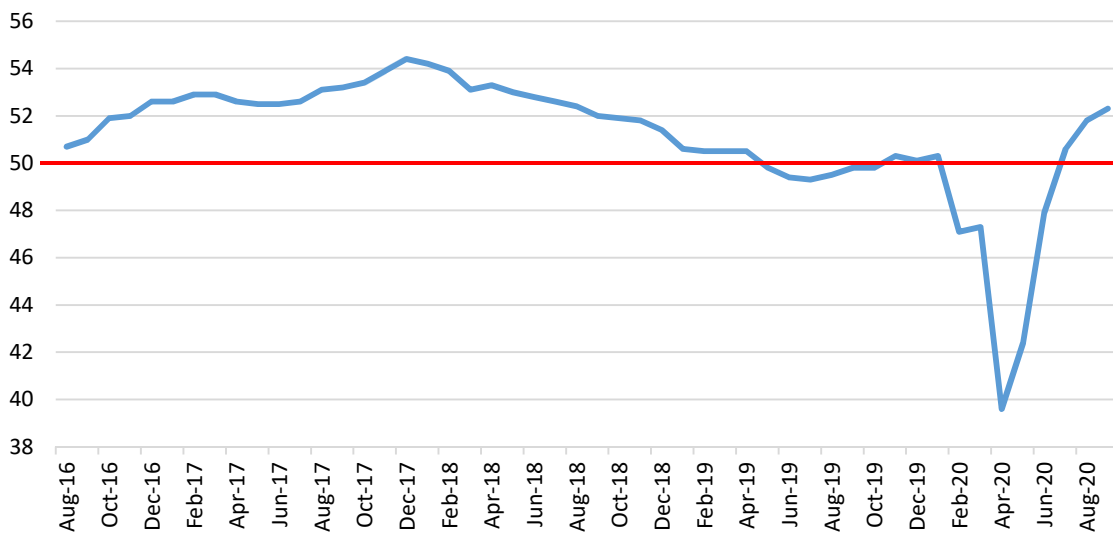
**Financials**

Obviously the election will dominate headlines this week and is probably the only thing that matters. That being said, I don't have much value to add in that conversation. I can only point out the same polls you've all been seeing everywhere else. Despite the election focus this week, we also get a lot of economic data of importance this week. Up first we'll get a lot of PMI data, with the ISM manufacturing report out this morning for the US. I already noted last week that I would bet the over vs. expectations. At the time of writing the market is currently

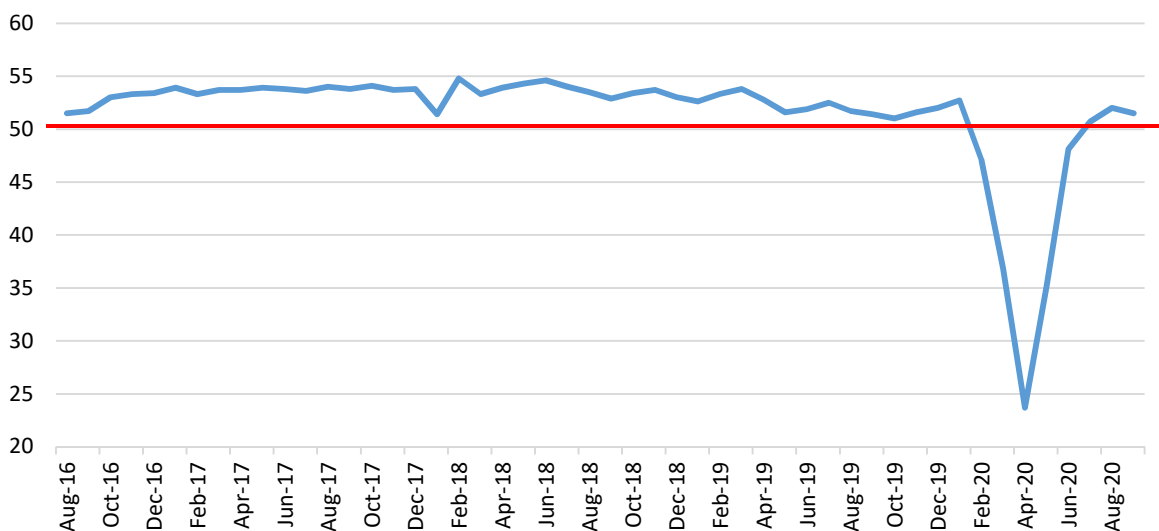
looking for only a modest increase to 55.6 vs 55.4 last month. In addition to all the major economic data, we also have a Fed meeting to contend with. It is going to be a wild week...

The US won't be the only country releasing PMI numbers, so I thought it would be worth a quick look to see how global numbers are looking. The charts below look at the JPM global services and manufacturing PMIs. I am very impressed with how global manufacturing levels have done in the past few months. With strong Chinese and US data (expected), it seems like that the manufacturing levels could keep up a bit here. However, the bigger question mark might be with services. With Covid cases increasing and with Europe, in particular, moving back into lockdowns it might put renewed pressure on the services portion of the economy. Might we see services roll over back into contraction in the months ahead?

**JPM Global Manufacturing PMI**



**JPM Global Services PMI**



The manufacturing PMI numbers we've seen so far overnight have been fairly solid. Eurozone numbers were pretty solid, with the overall Eurozone manufacturing PMI climbing to 54.8 vs 53.7 in Sep and the strongest since July 2018. Of course since these readings we've seen a renewed focus on lockdowns around Europe so we'll see how long the good numbers last.

## Energy

I had thought this \$35 level in WTI would have provided some support, but we sliced through it easily during the overnight session. We've recovered some of the overnight losses, but are still trading \$1 lower at the time of writing this morning.



Libyan oil production is ramping up quickly following the ceasefires signed to end the civil war. Reports indication production is running near 800k bpd and the country is hoping to hit 1.3 mbpd before the end of the year. This compares to the ~100k bpd it was pumping for much of 2020 due to the fighting. This is a big headache for the OPEC+ group that was already dealing with non-compliance of some members and ongoing demand weakness. With lockdowns spread again through Europe, it doesn't appear international travel will start to improve any time soon.

## Today's Calendar (all times Central)

- ISM Manufacturing Index – 9:00am
- Export Inspections – 10:00am
- Fats & Oils, Grain Crushings – 2:00pm
- Crop Progress – 3:00pm

Thanks for reading.

David Zelinski

[dzelinski@nesvick.com](mailto:dzelinski@nesvick.com)

901-766-4684

Trillian IM: [dzelinski@nesvick.com](mailto:dzelinski@nesvick.com)

**DISCLAIMER:**

**This communication is a solicitation for entering into derivatives transactions.** It is for clients, affiliates, and associates of Nesvick Trading Group, LLC only. The information contained herein has been taken from trade and statistical services and other sources we believe are reliable. Opinions expressed reflect judgments at this date and are subject to change without notice. These materials represent the opinions and viewpoints of the author and do not necessarily reflect the opinions or trading strategies of Nesvick Trading Group LLC and its subsidiaries. Nesvick Trading Group, LLC does not guarantee that such information is accurate or complete and it should not be relied upon as such.

Officers, employees, and affiliates of Nesvick Trading Group, LLC may or may not, from time to time, have long or short positions in, and buy or sell, the securities and derivatives (for their own account or others), if any, referred to in this commentary.

There is risk of loss in trading futures and options and it is not suitable for all investors. PAST RESULTS ARE NOT NECESSARILY INDICATIVE OF FUTURE RETURNS. Nesvick Trading Group LLC is not responsible for any redistribution of this material by third parties or any trading decision taken by persons not intended to view this material.